

Message Text

SECRET

PAGE 01 STATE 205794

21

ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY NEA/IRN:C.W. NAAS:P

APPROVED BY NEA/IRN:CWNAAS

D - R. POATS

S/S - MR. REDDY

NEA:AEGRIFFIN

-

----- 043214

R 182339Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

S E C R E T STATE 205794

EXDIS

E.O. 11652: GDS

TAGS: MASS, ENRG, IR, US

SUBJECT: OIL BARTER NEGOTIATIONS

1. BEGGS, EXECUTIVE VP OF GENERAL DYNAMICS, HAS INFORMED US THAT DISCUSSIONS BETWEEN GOVERNMENT OF IRAN (ANSARY, TOUFANIAN, MINA AND FALLAH) AND GD, LITTON, ASHLAND AND NEPCO IN LONDON OVER WEEKEND WENT VERY BADLY. AT OUTSET OF TALKS WITH GD AND LITTON (OIL COMPANIES EXCLUDED) ANSARY STATED THAT OIL COMPANIES SHOULD BE DISABUSED OF IDEA THAT IRAN NEEDED TO CUT PRICES IN ORDER TO INCREASE OIL EXPORTS. BEGGS UNDERSTOOD ANSARY AS SAYING THAT IRAN HAD REACHED AGREEMENT WITH CONSORTIUM TO LIFT 5.5 MBD AND THAT NIOC WAS DOING WELL IN DIRECT SALES. (COMMENT: WE HAVE CHECKED WITH CONSORTIUM REPS AND NO SUCH AGREEMENT HAS BEEN REACHED.) THEREFORE, CONCESSIONAL TERMS TO ASHLAND AND NEPCO WERE NOT NECESSARY.

2. ANSARY DID NOT RAISE THE SUBJECT OF GOI PURCHASE OF
SECRET

SECRET

PAGE 02 STATE 205794

EQUITY INTERESTS IN ASHLAND OR NEPCO, OR REFER TO THE

FINANCIAL AND OPERATING STATEMENTS THE COMPANIES HAD SUBMITTED IN ADVANCE OF THE MEETING. HE ASKED FOR RESUBMISSION BY GENERAL DYNAMICS AND LITTON OF THEIR CASH PAYMENT REQUIREMENTS SCHEDULES, WHICH THE COMPANIES AGREED TO PROVIDE THAT AFTERNOON.

3. LATER IN DAY IRANIANS MET WITH SENIOR EXECUTIVES OF ASHLAND AND NEPCO, AFTER KEEPING THEM WAITING HOUR AND A HALF, AND TOOK VERY NEGATIVE LINE. ASHLAND REPS WALKED OUT AFTER FRUITLESS EXCHANGE AND NEPCO WAS EQUALLY OFFENDED.

4. ON FOLLOWING DAY, ANSARY "ACCIDENTLY" MET BEGGS ON LONDON STREET AND SAID IRANIANS WANTED TO KEEP OIL TALKS GOING, SUGGESTED THAT DISCOUNT OF 8-12 CENTS WOULD BE ACCEPTABLE THROUGH MECHANISM OF EXTENDED CREDIT TERMS (90-110 DAYS), AND ASKED BEGGS TO FIND AN OIL COMPANY INTERESTED IN SUCH TERMS. BEGGS REPLIED HE WOULD SEE WHAT COULD BE DONE BUT WAS VERY DOUBTFUL FIRM COULD BE LOCATED WHICH WOULD BE INTERESTED IN SUCH A SMALL DISCOUNT FOR A LONG-TERM COMMITMENT AND CAPABLE OF LIFTING THE AMOUNTS OF CRUDE BEING DISCUSSED.

5. TOUFANIAN LATER TOLD BEGGS THAT HE WAS DISCOURAGED BY RESULTS OF TALKS AND THAT HE AND OTHERS HAD TO SEEK SHAH'S INSTRUCTIONS IMMEDIATELY ON RETURN TO IRAN. KISSINGER

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, NEGOTIATIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 18 AUG 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE205794
Document Source: CORE
Document Unique ID: 00
Drafter: C.W. NAAS:P
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760317-1122
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760841/aaaabjfq.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by BoyleJA>; APPROVED <08 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL BARTER NEGOTIATIONS
TAGS: MASS, ENRG, IR, US, GENERAL DYNAMICS
To: TEHRAN
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006